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CHIEF CLERK'S OFFICE

Illinois Commerce Commission)

v.)

Illinois Bell Telephone Company)

Docket No. 06-0027

Investigation of Specified Tariffs Declaring)
Certain Services to be Competitive)
Telecommunications Services)

INITIAL BRIEF OF THE CITY OF CHICAGO

Now comes The City of Chicago ("City"), by its attorney, Mara S. Georges, Corporation Counsel, and pursuant to the order of the Administrative Law Judge and the Illinois Commerce Commission's ("ICC" or "Commission") Rules of Practice, hereby files its Initial Brief.

I. INTRODUCTION

In November 2005, IBT declared certain residential telecommunications services competitive for approximately 2.5 million of its customers living in northeastern Illinois. Telecommunications services declared competitive by a carrier automatically become competitive upon declaration. However, the ICC has the authority to investigate whether any particular competitive classification is warranted. With respect to IBT's 2005 residential competitive declaration, and after a careful evaluation of the services declared competitive, the ICC determined an investigation was necessary. Accordingly, pursuant to Section 13-502 of the

Illinois Public Utilities Act, the ICC opened this docket to investigate whether the residential services declared competitive by IBT are, in fact, competitive as required by statute. See 220 ILCS 5/13-502.

The official name of the portion of IBT's service territory covered by the competitive declaration is MSA-1. MSA-1 is a large geographical area of northeastern Illinois encompassing the City of Chicago and numerous other municipalities extending north to the Wisconsin border and extending south to Kankakee.

Of the 2.5 million residential customers in MSA-1, approximately 830,000 customers purchase the minimum level of residential service offered by IBT, commonly known as local measured service. A customer who purchases local measured service purchases the access line, which allows the customer to make calls, and then pays only for the local calls that they make, which are priced on a per call basis at 3 cents a call (volume discounts are also available). Depending on where the customer lives, the price of the access line could range from \$2.55 per month to \$9.00 per month. Generally, customers in more densely populated areas pay less for the access line because IBT's cost of providing that access line is less in those areas. Most of these local measured customers make relatively few calls per month, many are considered low-income and a significant number could not afford telephone service without receiving financial assistance (in paying their telephone bills) through a program called Lifeline.

The remaining residential customers in MSA-1 who are affected by IBT's competitive declaration purchase what are commonly called service packages. Generally, these service packages contain a combination of usage services and several vertical services at one fixed monthly price. Among these service packages, customers can purchase packages that include

either a fixed number of local calls per month or unlimited local calling. Examples of vertical services are caller ID, call waiting and three-way calling. Vertical services also may be purchased on a stand-alone basis, as well as part of service packages. Thus, a local measured customer described above, who purchases an access line and pays only for those calls he makes, may also purchase a vertical service at an additional monthly fixed charge.

II. STATUTORY REQUIREMENTS FOR FINDING THAT RESIDENTIAL SERVICES ARE COMPETITIVE

Section 13-502 of the Illinois Public Utilities Act governs this investigation. 220 ILCS 5/13-502. Section 13-502 (b) provides that in any hearing or investigation concerning the propriety of any classification, the telecommunications carrier providing the service, IBT in the instant case, has the burden of proof. 220 ILCS 5/13-502(b).

Section 13-502 (b) provides the following:

a service shall be classified as competitive only if, and only to the extent that, for some identifiable class or group of customers in an exchange, group of exchanges, or some other clearly defined geographic area, such service, or its functional equivalent, or a substitute service, is reasonably available from more than one provider, whether or not any such provider is a telecommunications carrier subject to regulation under this Act.

At a minimum, Section 13-502© requires the Illinois Commerce Commission to consider the following factors:

- (1) the number, size, and geographic distribution of other providers of the service;
- (2) the availability of functionally equivalent services in the relevant geographic area and the ability of telecommunications carriers or other persons to make the same, equivalent or substitutable service readily available in the relevant market at

comparable rates, terms and conditions;

- (3) the existence of economic, technological, or any other barriers to entry into, or exit from, the relevant market;
- (4) the extent to which other telecommunications companies must rely upon the service of another telecommunications carrier to provide telecommunications service; and
- (5) any other factors that may affect competition and the public interest that the Commission deems appropriate.

III. THE CITY'S POSITION

A. Section 13-502 Must Be Applied To Protect Consumers From Potential Rate Increases Not Constrained By Market Forces.

The City of Chicago welcomes vigorous competition in the local telecommunications market. Vibrant price constraining competition in a fully competitive market protects consumers and may be a suitable replacement for government regulation. New entrants in a fully competitive market can spur investment, innovation, create jobs and thus benefit the economy as a whole.

In recognition of the changing environment in the local telecommunications market, Section 13-502 of the Public Utilities Act ("PUA") was enacted to govern the transition from regulation to competition. See 220 ILCS 5/13-502. This statutory framework was designed to ensure that consumers are protected against efforts that would result in the premature removal of regulatory safeguards without the price protections afforded by a fully competitive market. As

one of IBT's competitors testified, " The issue before the Commission in this proceeding will directly impact the prices paid by residential customers in the Chicago MSA." Data Net Systems Ex. 3.0, p. 18.

In order to sustain IBT's classification of residential services as competitive, the ICC must conclude that IBT has clearly demonstrated that competitive market forces exist that will constrain IBT's ability to increase rates----not merely that competitors exist in the market place. Section 13-502(c)(2) requires the ICC to consider the ability of competitors to make "...the same, equivalent, or substitutable service readily available in the relevant market at comparable rates, terms and conditions;.... 220 ILCS 5/13-502 (c)(2). (Emphasis added) Therefore, after finding that competitors exist and that they offer similar services, the Commission must find that the competitor's services that are available are in fact "comparable". In other words, services that have the capability of causing a consumer to switch providers. Certainly, the same service at two or three times the price charged by IBT would not be attractive to a consumer, nor would a telecommunications service offering that requires a consumer to purchase cable TV and internet access when the consumer is only interested in purchasing telephone services. Only when a market contains service offerings that have the capability to cause a customer to switch providers do you have the existence of market forces that can constrain IBT from raising rates indiscriminately.

In addition to Section 13-502(c)(2), Section 13-502(c)(5) provides further support for the Commission to require IBT to demonstrate the existence of price constraining competition as a pre-condition to a competitive reclassification of services. Section 13-502(c)(5) requires the ICC to consider any other factors that "...may affect competition and the public interest...". 220

ILCS 5/13-502(c)(5). Giving IBT the unfettered ability to increase rates for residential services without price constraining competition is clearly inconsistent with the public interest.

B. The Record Evidence Of Truly Competitive Market Forces That Would Constrain IBT's Ability To Increase Prices Is Not Compelling

1.) Alternative Regulation Has Worked Well And Should Not Be Abandoned Without Clear and Substantial Evidence That Consumers Will Be Protected

Since 1994, the ICC has overseen an alternative regulation plan for IBT's basic residential services. By all accounts, this limited form of regulation has worked well for residential customers, especially those who do not make a lot of calls, and cannot afford all the additional optional services now offered by telecommunications carriers. Under alternative regulation, residential service rates declined and have produced savings in the hundreds of millions for consumers since alternative regulation was first adopted.¹

Significantly, IBT has produced solid financial results under alternative regulation and has generated dividends to its parent company allowing it to address competitive challenges in unregulated markets, through among other things, acquisitions. AG Ex. 1.2, p. 3. For example, for the period ending December 31, 2005, IBT realized a 21.04% return on shareholder's equity and over the period of 2002-2005, IBT has paid out \$2.32 billion in dividends to its parent, SBC (now known as AT&T). AG Ex. 1.2, 37. In 1999, Ameritech, IBT's parent company at the time, merged with SBC. Last year, SBC purchased AT&T Corp., becoming one of the largest

¹ For example, in 2005, 2004 and 2003 respectively, IBT reduced its rates \$15.1 million (1.93%), \$26.5 million (2.75%), and \$32.7 million (2.97%) as a result of the alternative regulation plan. AG Ex. 1.2, p. 3.

telecommunications companies in the world. This new entity controls a substantial number of all local telephone access lines in the country, a large share of the long distance market and will soon be the sole owner of Cingular, one of the largest cellular companies in the U.S. market.

If IBT's competitive classification of residential services is sustained by the ICC, residential rates would no longer be governed by the alternative regulation plan nor would consumers benefit from the potential rate reductions available under alternative regulation. Instead, IBT would have the unfettered ability to increase rates for residential services, except to the extent it was limited by price constraining competitive market forces, if any. Accordingly, the Commission must consider the fact that the benefits of alternative regulation would be lost if IBT's competitive reclassification is sustained, as it conducts its public interest analysis required by Section 13-502(c)(5). 220 ILCS 5/13-502(c)(5). IBT's alternative regulation plan should not be abandoned unless there is clear and substantial evidence that residential consumers will be protected.

2. Customers Are Clearly At Risk If The Commission Finds Local Measured Service Competitive

a.) No Competition Exists for Low Usage Customers

IBT has clearly not met its burden to demonstrate that the local telecommunications market in MSA-1 has reached a sustainable level of competition that would adequately protect residential consumers who purchase local measured service. As described earlier in this brief, local measured customers purchase only an access line and pay for only those local telephone calls that they make.

While IBT has identified companies that offer local telecommunications services in

MSA-1, IBT is the only party that believes that there are competitors who offer a service at a price level comparable to its local measured service. The expert testimony sponsored by IBT's competitors, the ICC Staff, the Citizens Utility Board and the Attorney General of Illinois all dispute IBT's testimony and in the City's opinion provide credible testimony that these services remain non-competitive. See Staff Ex. 4.0, p. 11; CUB Ex. 1.0, p.39; AG Ex. 1.0, pp. 106-122; Data Net Systems Ex. 1.0. Accordingly, pursuant to Section 13-502 of the Public Utilities Act, the City submits that the substantial weight of the record evidence supports reclassifying local measured service as non-competitive.

b.) The City Opposes Rate Increases That Would Likely Follow For Those Least Likely To Afford It

As part of its Section 13-502 analysis and based on the record evidence, the Commission must assume that IBT will increase rates for local measured customers if the ICC sustains IBT's competitive declaration for these services.² AG Ex. 1.0, pp. 10, 49. As discussed earlier, most local measured customers make relatively few calls per month, many are considered low-income and a significant number could not afford telephone service without receiving financial assistance (in paying their telephone bills) through a program called Lifeline, a program which benefits tens of thousands of telephone customers in MSA-1. CUB Ex. 1.0, p. 42.

If these rates are increased, the substantial weight of the evidence indicates that these

² In 2005, IBT increased rates for business customers with 4 or fewer access lines in Chicago soon after legislation declaring these services competitive became effective. In Wisconsin, Michigan, Indiana, Missouri, Oklahoma, IBT affiliate companies raised access line rates. AG Ex. 1.2, p. 26.

customers do not have meaningful competitive alternatives at comparable rates and conditions. Thus, these consumers would be forced to either pay higher prices or disconnect from the network. Indeed, the Commission Staff, Dr. Selwyn, the Attorney General witness, and Ms. McKibbin, CUB's witness, all agree that a number of low income customers on Lifeline support will no longer be able to afford telephone service, and will leave the network if IBT increases rates for local measured service. Staff Ex. 4.0, p. 12; CUB Ex. 1.0, p. 42; AG Ex. 1.0, p. 38. Leaving the network means that these customers would no longer have access to 9-1-1, schools, childcare or their workplaces. This result would only make worse the already declining telephone penetration levels in Illinois, the only state in the country that has experienced a significant decline in the number of people having access to telephones in their homes since 1983. CUB Ex. 1.0, p. 40. In 1983, only 5% of Illinois households went without a phone, compared to 9.5% today. The loss of telephone service for low-income customers would certainly not be in the public interest and is a factor that the Commission must consider pursuant to Section 13-502(c)(5). 220 ILCS 5/13-502(c)(5)

Although the Commission Staff agrees that local measured service customers do not have competitive alternatives, the Staff has advanced the theory that competition has not developed in this segment of the market because the prices charged by IBT are too low----that they are priced below cost. Staff Ex. 4.0, p.11. While Staff's theory may or may not be accurate, the City submits that it is irrelevant to the ultimate issue that must be decided by the Commission in a Section 13-502 investigation— whether the services are in fact competitive. Only after the Commission determines this issue would the relationship of price to cost (imputation) become

relevant. AG Ex. 1.1, p. 18.³

If Staff or IBT believe that certain residential rates are priced below cost, a proceeding could have been initiated under alternative regulation at any time prior to this investigation to correct the pricing and test Staff's theory. In any event, the Commission cannot order rate increases in this proceeding for services when the evidence overwhelmingly supports the finding that these services are not competitive under Section 13-502 of the PUA.

3. While Some Alternative Services Are Available In Some Exchanges In MSA-1 For Higher-Priced Service Packages, It May Be Premature to Declare Even These Services Competitive.

There is substantial evidence in the record that indicates it may be premature to declare IBT's higher-priced residential service packages competitive in MSA-1. In balancing the various factors in Section 13-502, the City contends that finding these residential services competitive, at this time, may pose an undue and unjustifiable risk to residential customers. It is simply unclear whether the competitive market is at the level necessary to protect consumers.

Wireless service is clearly not a substitute for wireline service for the vast majority of consumers at this time. The nascent cable telephony and VoIP industries are providing some service alternatives in some exchanges in MSA-1. However, there is a question as to whether they are providing functionally equivalent services and whether they provide actual price constraining competition to IBT. While these competitors are posed to continue to gain market share, the Commission must determine whether they alone may be sufficient given the uncertainty about the future of the traditional CLEC market. The CLEC industry has very

³ Dr. Selwyn, the witness for the Attorney General, cites numerous errors in Staff's imputation analysis. See AG Ex. 1.1, pp. 19-22.

recently undergone two seminal events—SBC’s purchase of AT&T and Verizon’s purchase of MCI in 2005, and the FCC’s February, 2005 Triennial Review and Remand Order eliminating UNE-P--- both of which may have a dramatic impact on the future of local competition.

a.) The CLEC Market May Not Survive

The Telecommunications Act of 1996 (“the 1996 Act”) was enacted to provide a regulatory framework to transition the local telecommunications market from a monopoly to a fully competitive market. Although many competitors have entered the local market since the passage of the 1996 Act, many have left as well, and there is considerable evidence in the record that today, ten years later, the market is undergoing a fundamental shift. Indeed, we may have seen the peak of competitive market entry and are starting to see a growing market trend downward of competitive market share. Consequently, the City recommends that the ICC proceed cautiously as it considers whether residential services, even the higher priced service packages, are facing price constraining competition at the present time. As Attorney General witness Dr. Selwyn testified,

Recent regulatory and market events will so fundamental(ly) alter the competitive telecom landscape as to invalidate the use of historic and existing market conditions as predictors of the state of competition in the Illinois residential market going forward. AG Ex. 1.0, p. 122.

As Dr. Selwyn referenced, and as the Commission is well aware, the competitive local telecommunications market recently underwent an unprecedented reorientation with SBC’s purchase of AT&T and Verizon’s purchase of MCI. From seven RBOCs (regional bell operating

companies) that were created from the break-up of AT&T in 1984, the country now has three.⁴ Moreover, AT&T and MCI were the two largest national competitors to IBT and, as a result of these acquisitions, the market share held by competitive local exchange companies (CLECs) in Illinois dropped precipitously from 28% to 22%. AT&T Ex. 1.0, p. 35. This is a critical factor for the Commission to consider as part of its Section 13-502 analysis. See 220 ILCS Section 5/13-502(c)(5). And not only because of the immediate impact in terms of current market share held by competitors, but what these acquisitions represent for the future of the CLEC market.

There is little dispute that AT&T and MCI exited the market, at least in part, due to their inability to sustain a business case for continued mass market residential competition. AG Ex. 1.0, pp 6-7, 125-126. Thus, as part of its 13-502 analysis, the Commission must consider whether the remaining smaller, less well-financed competitors will soon follow. The City therefore agrees with the witness for Data Net System, one of IBT's competitors, and Attorney General witness Dr. Selwyn, that the Commission must conduct what is termed, a "dynamic analysis" of the changes occurring in the Illinois' residential market and not focus on a snapshot of the market at a particular moment in time, as suggested by Staff. Data Net Systems Ex. 3.0, p. 3; AG Ex. 1.1, pp. 2-3. Thus, while the parties may disagree whether the current CLEC market share is 13%, 15% or 17%, the Commission should be even more concerned about the underlying causes for this market trend and whether it is likely to continue. See AT&T Ex. 1.0, Schedule WKW-5, Revised.

⁴ AT&T, IBT's parent company, recently announced its intention to acquire BellSouth, one of the last RBOCs. When that purchase is complete, only AT&T (formerly SBC), Verizon and Qwest will remain. AG Ex. 1.1, p.11.

The second recent seminal event in the local telecommunications market was the FCC's February, 2005 decision in its Triennial Review and Remand Order, which removed IBT's obligation to provide UNE-P and its UNE-switching component after March 11, 2006. AG Ex. 1.0, pp. 123-129; CUB Ex. 1.0, p. 38. The AG, CUB and the IBT's competitors testifying in this case all agree that the effect of this order, if sustained in Illinois⁵, will make it economically impractical for the CLEC industry to offer residential services at a price that will be able to constrain IBT's own basic service rates. AG Ex. 1.0, pp.133-142. Data Net Systems Ex. 3.0, pp. 14-18. Indeed, before it was acquired by SBC, AT&T's decision to stop offering residential services to the mass market was due, in part, to this FCC decision. AG Ex. 1.0, pp. 125-126. There is no question that the Commission must try to understand the impact of this decision in its Section 13-502 analysis.⁶ Section 13-502(c)(3) requires the Commission to consider the "...existence of economic, technological, or any other barriers to entry into, or exit from, the relevant market;...". 220 ILCS 5/13-502(c)(3).

Because of the timing of SBC's acquisition of AT&T and the FCC's Triennial Review and Remand Order, it may be impossible as a practical matter for the Commission to make accurate and reliable conclusions regarding the ultimate impact of these seminal events on the local telecommunications market in MSA-1. Therefore, the City submits that it would not be

⁵ Last year, the U.S. District Court for the Northern District of Illinois temporarily stayed the FCC's order. Briefs have been filed and a final decision by the District Court is expected sometime this year. See Illinois Bell Telephone Co. V. Access One, Inc. et al., Case No. 05 C 1149 (N.D. Ill. March 29, 2005).

⁶ CLEC market share would drop to 6.2% if all CLEC access lines currently supported by UNE-P could no longer be provided on an economic basis, those lines reverted to IBT and the remaining CLEC market share was essentially all facilities-based. AG Ex. 1.1, p. 16 (errata)

unreasonable, perhaps even prudent, for the Commission to wait until the impact of these events are fully assimilated and reflected in the marketplace. To do otherwise may place residential consumers, even those who purchase higher priced service packages, at significant and unjustifiable risk.

b.) Wireless Is Not A Substitute For Wireline

IBT has failed to demonstrate that wireless phones are perceived by residential customers as providing a substitute service as required by Section 13-502. AG Ex. 1.0, p. 89. While the wireless phone industry is growing at a significant rate and perhaps even eclipsing total wireline phones in raw numbers, the evidence, supported by FCC national studies, shows that less than 6% of wireless customers in the Chicago LATA have eliminated their wireline service. AG Ex. 1.0, pp. 83-84. The City submits that this fact alone demonstrates that the overwhelming majority of wireline customers do not currently consider wireless service as a substitute for wireline service or its functional equivalent. As Dr. Selwyn astutely observed, “By subscribing to both wireline and wireless services, the vast, overwhelming majority of consumers are confirming that they consider the services as providing separate and distinct functions, rather than as providing the same or substitute services.” AG Ex. 1.0, p. 68. (emphasis in original)

c.) Cable Telephony and Voice Over Internet (VoIP) Services

The nascent cable telephony and VoIP industries are providing some service alternatives in some exchanges in MSA-1, but are not providing service in other exchanges, including some areas of the Chicago exchange. CUB Ex. 1.03. VoIP penetration rates are very low and there is

no reliable data as to the number of households that have only VoIP-based services. AG Ex. 1.0, 97. In addition, there is a question as to whether they are providing functionally equivalent services and whether they provide actual price constraining competition to IBT. The record shows that the least expensive stand-alone telephone service offered by Comcast, the cable operator cited by IBT as its most significant cable competitor, is priced at \$54.95. AT&T Ex. 1.5, p. 20. VoIP services require that the customer already has a broadband connection in order to purchase VoIP telephone services, which can cost anywhere from \$15 - \$50 by itself. AG Ex. 1.0, p. 96. Finally, there are service quality issues with VoIP services, which the industry readily acknowledges. AG Ex. 1.0, pp. 95-102

C. The CUB-IBT Joint Proposal Is Not In The Public Interest

After the initial round of hearings in this case, IBT and the Citizens Utilities Board (CUB) filed a joint proposal offering the ICC a proposed resolution of the issues in this case. The City joined the Attorney General of Illinois, the Cook County State's Attorney's Office and AARP in co-sponsoring the testimony of Dr. Lee Selwyn in opposing this joint proposal as not being in the public interest. See AG Ex. 1.2.

Among other things, the IBT-CUB joint proposal contains the following provisions:

- * approves IBT's competitive classification of all residential services, including local measured service;
- * allows IBT to increase the monthly access line rate charged to customers of local measured service by up to \$1.00 per year for each of the next three years;
- * makes available three "safe harbor" service packages with proposed rates that are

- reduced and then frozen for four years from current levels;
- * automatic ICC investigations of rate increases for the three “safe harbor” service packages that occur after the freeze period, where the proposed rate increase exceeds a certain level;
- * IBT contributes \$2.5 million over three years to the funding of CUB’s consumer education and awareness program designed to assist consumers to purchase the most appropriate and least costly telecommunications services;

The City recognizes CUB’s good faith efforts to address the difficult issues in this proceeding and understands that the joint proposal, from CUB’s perspective, is intended to protect and assist consumers during this dynamic period of uncertainty in the local telecommunications market. The City, however, contends that the joint proposal is fatally flawed because it is not designed to produce a net benefit to consumers. The joint proposal all but guarantees significant rate increases for IBT’s approximately 830,000 current local measured customers, while making any rate reductions contingent on the success of an underfunded customer education program that will be overwhelmed by IBT’s virtually limitless marketing resources. See AG Ex. 1.2

As Dr. Selwyn testified, if IBT increased rates for local measured customers to the maximum available under the joint proposal during the four year period of the plan, which the City submits the ICC must assume for purposes of this proceeding, residential customers in Chicago would experience rate increases ranging from 54% to 118%, with comparable increases outside of Chicago, all other things being equal. AG Ex. 1.2, p. 21. These rate increases will provide IBT with an additional \$116 million in revenue. AG Ex. 1.2, p. 26. Moreover, these

rate increases will be incurred by the segment of the residential market that even CUB acknowledges in its previously filed testimony is not competitive, while the potential rate reductions, if any, will be realized by those customers who, relatively speaking, have more competitive alternatives. See AG Ex. 1.2.

IV. CONCLUSION

The City welcomes robust competition in the local telecommunications market. Vibrant price constraining competition in a fully competitive market protects consumers and may be a suitable replacement for government regulation. The local telecommunications market, however, has very recently undergone two seminal events—SBC’s purchase of AT&T in 2005 and the FCC’s February, 2005 Triennial Review and Remand Order eliminating UNE-P--- that may have dramatic impacts on the future of local competition.

Because of the timing of SBC’s acquisition of AT&T and the FCC’s Triennial Review and Remand Order, it may be impossible as a practical matter for the Commission to make accurate and reliable conclusions regarding the ultimate impact of these seminal events on the local telecommunications market in MSA-1. Therefore, the City submits that it would not be unreasonable, perhaps even prudent, for the Commission to wait until the impact of these events are fully assimilated and reflected in the marketplace. To do otherwise may place residential consumers, even those who purchase higher priced service packages, at significant and unjustifiable risk.

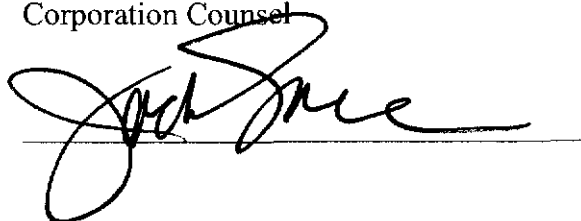
Under no circumstances, however, should local measured service’s competitive classification be upheld. Most of these local measured customers make relatively few calls per

month, many are considered low-income and a significant number could not afford telephone service without receiving financial assistance (in paying their telephone bills) through a program called Lifeline. The evidence indicates that IBT will increase rates for this service and because these customers have no meaningful alternatives in the marketplace, they will have to pay the higher prices or in some cases, do without telephone service.

Finally, the City opposes the CUB-IBT joint proposal because it does not produce a net benefit for consumers and is not in the public interest for the reasons stated herein and in the testimony of Dr. Lee Selwyn, a nationally known economist, which was jointly sponsored by the City of Chicago, the Attorney General of Illinois, the Cook County State's Attorney's Office and AARP.

Respectfully submitted,

CITY OF CHICAGO
Mara S. Georges
Corporation Counsel

A handwritten signature in black ink, appearing to read "Jack A. Pace", is written over a horizontal line.

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STATE OF ILLINOIS
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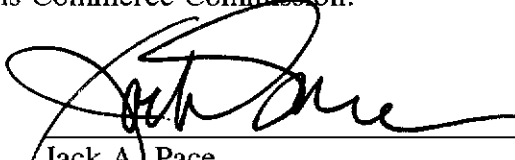
TO: SEE ATTACHED SERVICE LIST

PLEASE TAKE NOTICE THAT ON THIS DATE I caused to be mailed to the Illinois Commerce Commission, 527 East Capitol Avenue, P.O. Box 19280, Springfield, Illinois 62794-9280, by Federal Express, the original and three (3) copies of the Initial Brief of the City of Chicago.

Dated: June 16, 2006

CERTIFICATE OF SERVICE

I, Jack A. Pace, an attorney, hereby certify that a copy of the foregoing Initial Brief of the City of Chicago was served upon the party or parties listed on the attached service list, via e-mail from Suite 900, 30 North La Salle Street, Chicago, Illinois 60602, in accordance with the ALJ's ruling and Rules of Practice of the Illinois Commerce Commission.



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